

**REPORT OF THE AUDIT OF THE
MUHLENBERG COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2004**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**105 SEA HERO ROAD, SUITE 2
FRANKFORT, KY 40601-5404
TELEPHONE (502) 573-0050
FACSIMILE (502) 573-0067**

LETTER OF TRANSMITTAL

AUDIT EXAMINATION OF THE
MUHLENBERG COUNTY FISCAL COURT

June 30, 2004

The Auditor of Public Accounts has completed the audit of the Muhlenberg County Fiscal Court for fiscal year ended June 30, 2004. We have issued an unqualified opinion on the governmental activities, business-type activities, each major fund, and aggregate remaining fund information. In accordance with OMB Circular A-133, we have issued an unqualified opinion on the compliance requirements that are applicable Muhlenberg County's major federal program, Byrne Formula Grant (CFDA #16.579), for the year ended June 30, 2004

Financial Condition:

The fiscal court had net assets of \$4,046,669 as of June 30, 2004. The fiscal court had unrestricted net assets of \$1,802,755 in its governmental activities as of June 30, 2004, with total net assets of \$3,989,405. In its enterprise fund, total net cash and cash equivalents were \$57,264 with total net assets of \$57,264. The fiscal court had total debt principal as of June 30, 2004 of \$13,498,000 with \$483,000 due within the next year.

Deposits:

As of June 30, 2004, the fiscal court's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Rodney Kirtley, Muhlenberg County Judge/Executive
Members of the Muhlenberg County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Muhlenberg County, Kentucky, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Muhlenberg County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Muhlenberg County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Muhlenberg County, Kentucky, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.



To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Rodney Kirtley, Muhlenberg County Judge/Executive
Members of the Muhlenberg County Fiscal Court

The county has not presented the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The Budgetary Comparison Information is not a required part of the basic financial statement but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the budgetary comparison information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Muhlenberg County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, are presented for additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. The combining fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 2005, on our consideration of Muhlenberg County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', written in a cursive style.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
October 18, 2005

MUHLENBERG COUNTY OFFICIALS

For The Year Ended June 30, 2004

Fiscal Court Members:

Rodney Kirtley	County Judge/Executive
David James	Magistrate
Harold Wester	Magistrate
Tommy Watkins	Magistrate
Daniel Bowles	Magistrate
Phillip O'Neal	Magistrate

Other Elected Officials:

Darris Russell	County Attorney
Willie Justice, Jr.	Jailer
Gaylan Spurlin	County Clerk
Janet Hearld	Circuit Court Clerk
Jerry Mayhugh	Sheriff
Bill Alward	Property Valuation Administrator
Tony Armour	Coroner

Appointed Personnel:

Charles R. Lewis	County Treasurer
Linda Moore	Finance Officer

MUHLENBERG COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2004

MUHLENBERG COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,802,755	\$ 57,264	\$ 1,860,019
Total Current Assets	1,802,755	57,264	1,860,019
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Construction In Progress	5,170,725		5,170,725
Land	1,573,285		1,573,285
Land Improvements	17,324		17,324
Buildings	8,227,068		8,227,068
Vehicles and Equipment	696,248		696,248
Total Noncurrent Assets	15,684,650		15,684,650
Total Assets	17,487,405	57,264	17,544,669
LIABILITIES			
Current Liabilities:			
Bonds Payable	475,000		475,000
Financing Obligations Payable	8,000		8,000
Total Current Liabilities	483,000		483,000
Noncurrent Liabilities:			
Bonds Payable	12,945,000		12,945,000
Financing Obligations Payable	70,000		70,000
Total Noncurrent Liabilities	13,015,000		13,015,000
Total Liabilities	13,498,000		13,498,000
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,186,650		2,186,650
Unrestricted	1,802,755	57,264	1,860,019
Total Net Assets	\$ 3,989,405	\$ 57,264	\$ 4,046,669

The accompanying notes are an integral part of the financial statements.

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MUHLENBERG COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2004

MUHLENBERG COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2004

		Program Revenues Received		
Functions/Programs Reporting Entity	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,580,533	\$ 249,243	\$ 31,697	\$ 63,287
Protection to Persons and Property	2,149,572	1,033,956	1,144,152	
General Health and Sanitation	1,185,840	261,467	41,899	
Social Services	329,526			
Recreation and Culture	155,127	76,748		
Roads	1,503,707		1,756,378	
Debt Service	55,660			
Capital Projects	26,778			
Total Governmental Activities	7,986,743	1,621,414	2,974,126	63,287
Business-type Activities:				
Jail Canteen	286,785	331,763		
Total Business-type Activities	286,785	331,763		
Total Primary Government	\$ 8,273,528	\$ 1,953,177	\$ 2,974,126	\$ 63,287

General Revenues:

Taxes:

 Real Property Taxes

 Motor Vehicle Taxes

 In Lieu of Taxes

 Other Taxes

Excess Fees

Miscellaneous Revenues

Interest Received

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

MUHLENBERG COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For The Year Ended June 30, 2004
(Continued)

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
\$ (2,236,306)	\$	\$ (2,236,306)
28,536		28,536
(882,474)		(882,474)
(329,526)		(329,526)
(78,379)		(78,379)
252,671		252,671
(55,660)		(55,660)
(26,778)		(26,778)
<u>(3,327,916)</u>		<u>(3,327,916)</u>
	44,978	44,978
	<u>44,978</u>	<u>44,978</u>
<u>(3,327,916)</u>	44,978	<u>(3,282,938)</u>
891,378		891,378
141,103		141,103
1,358,603		1,358,603
441,385		441,385
989,516		989,516
231,700		231,700
25,828		25,828
<u>4,079,513</u>		<u>4,079,513</u>
751,597	44,978	796,575
<u>3,237,808</u>	<u>12,286</u>	<u>3,250,094</u>
<u>\$ 3,989,405</u>	<u>\$ 57,264</u>	<u>\$ 4,046,669</u>

The accompanying notes are an integral part of the financial statements.

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MUHLENBERG COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2004

MUHLENBERG COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2004

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Local Government Economic Development Fund</u>	<u>Justice Center Corporation Construction Fund</u>
ASSETS					
Cash and Cash Equivalents	\$ 177,869	\$ 188,735	\$ 36,384	\$ 307,020	\$ 630,861
Total Assets	<u>\$ 177,869</u>	<u>\$ 188,735</u>	<u>\$ 36,384</u>	<u>\$ 307,020</u>	<u>\$ 630,861</u>
FUND BALANCES					
Unreserved:					
General Fund	\$ 177,869	\$	\$	\$	\$
Special Revenue Funds		188,735	36,384	307,020	
Capital Projects Fund					630,861
Debt Service Fund					
Total Fund Balances	<u>\$ 177,869</u>	<u>\$ 188,735</u>	<u>\$ 36,384</u>	<u>\$ 307,020</u>	<u>\$ 630,861</u>

The accompanying notes are an integral part of the financial statements.

MUHLENBERG COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
June 30, 2004
(Continued)

Non- Major Governmental Funds	Total Governmental Funds
<u>\$ 461,886</u>	<u>\$ 1,802,755</u>
<u>\$ 461,886</u>	<u>\$ 1,802,755</u>

\$	\$ 177,869
330,198	862,337
	630,861
<u>131,688</u>	<u>131,688</u>
<u>\$ 461,886</u>	<u>\$ 1,802,755</u>

Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets:

Total Fund Balances	\$ 1,802,755
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	17,835,104
Accumulated Depreciation	(2,150,454)
Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.	
Due Within One Year - Bonds and Financing Obligations	(483,000)
Due In More Than One Year - Bonds and Financing Obligations	<u>(13,015,000)</u>
Net Assets Of Governmental Activities	<u>\$ 3,989,405</u>

The accompanying notes are an integral part of the financial statements.

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MUHLENBERG COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2004

MUHLENBERG COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2004

	General Fund	Road Fund	Jail Fund	Local Government Economic Development Fund
REVENUES				
Taxes	\$ 1,475,705	\$	\$	\$
In Lieu Tax Payments	1,358,603			
Excess Fees	986,483			
Licenses and Permits	32,723			
Intergovernmental	287,604	1,121,636	1,320,500	
Charges for Services	263,213		40,557	
Miscellaneous	441,966		63,702	5,725
Interest	1,942			3,977
Total Revenues	<u>4,848,239</u>	<u>1,121,636</u>	<u>1,424,759</u>	<u>9,702</u>
EXPENDITURES				
General Government	1,650,217			2,296
Protection to Persons and Property	620,802		1,550,721	
General Health and Sanitation	592,745		587,018	
Social Services	31,610		298,820	
Recreation and Culture	137,033			23,865
Roads		1,149,468		
Debt Service	769,030			
Capital Projects	14,145			
Administration	809,647			
Total Expenditures	<u>4,625,229</u>	<u>1,149,468</u>	<u>2,436,559</u>	<u>26,161</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>223,010</u>	<u>(27,832)</u>	<u>(1,011,800)</u>	<u>(16,459)</u>
Other Financing Sources (Uses)				
Financing Obligation Proceeds	750,000			
Transfers From Other Funds	650,000	149,395	2,008,811	
Transfers To Other Funds	(1,635,736)		(1,087,018)	
Total Other Financing Sources (Uses)	<u>(235,736)</u>	<u>149,395</u>	<u>921,793</u>	
Net Change in Fund Balances	(12,726)	121,563	(90,007)	(16,459)
Fund Balances - Beginning (Restated)	190,595	67,172	126,391	323,479
Fund Balances - Ending	<u>\$ 177,869</u>	<u>\$ 188,735</u>	<u>\$ 36,384</u>	<u>\$ 307,020</u>

The accompanying notes are an integral part of the financial statements.

MUHLENBERG COUNTY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
For The Year Ended June 30, 2004
(Continued)

Justice Center Corporation Construction Fund	Non- Major Governmental Funds	Total Governmental Funds
\$	\$	\$ 1,475,705
		1,358,603
		986,483
		32,723
	1,309,284	4,039,024
		303,770
4,811		516,204
17,916	1,993	25,828
<u>22,727</u>	<u>1,311,277</u>	<u>8,738,340</u>
-	40,000	1,692,513
	130,000	2,301,523
		1,179,763
		330,430
		160,898
	281,000	1,430,468
	264,630	1,033,660
4,089,160	70,248	4,173,553
	557,078	1,366,725
<u>4,089,160</u>	<u>1,342,956</u>	<u>13,669,533</u>
<u>(4,066,433)</u>	<u>(31,679)</u>	<u>(4,931,193)</u>
		750,000
	196,863	3,005,069
(132,315)	(150,000)	(3,005,069)
<u>(132,315)</u>	<u>46,863</u>	<u>750,000</u>
(4,198,748)	15,184	(4,181,193)
4,829,609	446,702	5,983,948
<u>\$ 630,861</u>	<u>\$ 461,886</u>	<u>\$ 1,802,755</u>

The accompanying notes are an integral part of the financial statements.

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**MUHLENBERG COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

For The Year Ended June 30, 2004

MUHLENBERG COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2004

Reconciliation to the Statement of Activities:

Net Change in Fund Balances - Total Governmental Funds	\$ (4,181,193)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	4,977,222
Depreciation Expense	(272,432)
Financing Obligations Principal Payments	8,000
Bond Principal Payments	<u>220,000</u>

Change in Net Assets of Governmental Activities	<u><u>\$ 751,597</u></u>
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MUHLENBERG COUNTY
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS

June 30, 2004

MUHLENBERG COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS

June 30, 2004

	Business-Type Activities - Enterprise Fund
	Jail Canteen Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 57,264
Total Current Assets	<u>57,264</u>
Net Assets	
Unrestricted	\$ 57,264
Total Net Assets	<u><u>\$ 57,264</u></u>

The accompanying notes are an integral part of the financial statements.

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MUHLENBERG COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2004

MUHLENBERG COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2004

	Business-Type Activities - Enterprise Fund
	Jail Canteen Fund
Operating Revenues	
Canteen Receipts	\$ 256,648
Inmate Accounts	68,930
Miscellaneous Revenues	141
Total Operating Revenues	<u>325,719</u>
Operating Expenses	
Cost of Sales	220,507
Jail Fees	38,757
Inmate Accounts	16,061
Other	6,254
Total Operating Expenses	<u>281,579</u>
Operating Income (Loss)	<u>44,140</u>
Nonoperating Revenues (Expenses)	
Interest Income	129
Inmate Pay From State	5,915
Inmate Refunds	(5,206)
Total Nonoperating Revenues (Expenses)	<u>838</u>
Change In Net Assets	44,978
Total Net Assets - Beginning	<u>12,286</u>
Total Net Assets - Ending	<u><u>\$ 57,264</u></u>

The accompanying notes are an integral part of the financial statements.

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MUHLENBERG COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2004

MUHLENBERG COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2004

	Business-Type Activities - Enterprise Fund
	Jail Canteen Fund
Cash Flows From Operating Activities	
Receipts From Customers	\$ 325,719
Cost of Sales	(220,507)
Jail Fees	(38,757)
Inmate Account	(16,061)
Other	(6,254)
Net Cash Provided By Operating Activities	<u>44,140</u>
Cash Flows From Noncapital Financing Activities	
Inmate Pay From State	5,915
Inmate Refunds on Accounts	(5,206)
Net Cash Provided By Noncapital Financing Activities	<u>709</u>
Cash Flows From Investing Activities	
Interest Earned	129
Net Cash Provided By Investing Activities	<u>129</u>
Net Increase (Decrease) in Cash and Cash Equivalents	44,978
Cash and Cash Equivalents - July 1, 2003	<u>12,286</u>
Cash and Cash Equivalents - June 30, 2004	<u><u>\$ 57,264</u></u>

The accompanying notes are an integral part of the financial statements.

MUHLENBERG COUNTY
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND - MODIFIED CASH BASIS
For The Year Ended June 30, 2004 (Continued)

	Business-Type Activities - Enterprise Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	Jail Canteen Fund
Operating Income (Loss)	\$ 44,140
Total Cash Provided By Operating Activities	\$ 44,140

The accompanying notes are an integral part of the financial statements.

MUHLENBERG COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS

June 30, 2004

MUHLENBERG COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS

June 30, 2004

	<u>Agency Fund</u>
	<u>Jail Inmate Account</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 10
Total Assets	<u>10</u>
Liabilities	
Amounts Held In Custody For Others	<u>10</u>
Total Liabilities	<u>10</u>
Net Assets	
Total Net Assets	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statements.

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TO THE FINANCIAL STATEMENTS**

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MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The county presents its government wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Property tax receivables, accounts payable, compensated absences, and donated assets, among other items, are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

B. Reporting Entity

The financial statements of Muhlenberg County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or their exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government.

Blended Component Units

The following legally separate organization provide its services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. This organization's balances and transactions are reported as though they are part of the county's primary government using the blending method.

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

Blended Component Units (Continued)

Muhlenberg County Justice Center Corporation

Fiscal Court has the authority to appoint a voting majority of the Justice Center Corporation's (Corporation) Board of Directors. Fiscal Court also has the ability to approve or modify the Corporation's budget, approve or modify rate or fee changes affecting revenues, veto, overrule, or modify decisions of the Board of Directors, or otherwise impose its will on the Corporation. In addition, fiscal court is financially accountable for the Corporation, legally entitled to the Corporation's resources as well as legally obligated for the Corporation's debt. Financial information of the Justice Center Corporation is blended within Muhlenberg County's financial statements.

Kentucky law provides for the election of the below officials from the geographic area constituting Muhlenberg County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

Additional Muhlenberg County Elected Officials

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Government-wide and Fund Financial Statements (Continued)

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

Governmental Funds

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Governor's Office for Local Development requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Governor's Office for Local Development requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Governor's Office for Local Development requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Government-wide and Fund Financial Statements (Continued)

Governmental Funds (Continued)

Local Government Economic Development Fund – This fund is for economic development. The primary source of revenue for this fund is state payments from coal severance. The Governor's Office for Local Development requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

Justice Center Corporation Construction Fund - The Justice Center Corporation Construction fund accounts for the activities of the Justice Center Corporation, a blended component unit of the county. The purpose of this fund is to account for the financial resources to be used for the acquisition or construction of major capital facilities. The Governor's Office for Local Development does not require the Fiscal Court to report or budget these funds.

The primary government also has the following non-major funds: Local Government Economic Assistance Fund, Rails to Trails Fund, Pennyrile Narcotics Task Force Fund, Paradise Park Fund, and Justice Center Corporation Sinking Fund. These funds are used to account for the proceeds of specific revenue resources and expenditures that are restricted for specific purposes.

Special Revenue Funds:

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, Rails to Trails Fund, Pennyrile Narcotics Task Force Fund, and Paradise Park Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

Capital Projects Fund:

The Justice Center Corporation Construction Fund is presented as a capital projects fund. Capital projects funds are to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund:

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Muhlenberg County Justice Corporation Sinking Fund. Debt Service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 30, delinquent January 1 following the assessment, and subject to lien and sale the 3rd Saturday in April following the delinquency date.

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Government-wide and Fund Financial Statements (Continued)

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless the Governmental Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

The primary government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

Fiduciary Funds

All fiduciary funds are reported using the economic resources measurement focus and the modified cash basis of accounting. Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county's agency fund is used to account for monies held by the county in the Jail Inmate Fund for custodial purposes only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

The primary government reports the following fiduciary account and fund:

Jail Inmate Account - This fund accounts for funds received from inmates and held until inmate uses these funds.

Federal Medicaid Fund - The funds accounts for funds received from Medicaid and transferred to the Muhlenberg County Community Hospital.

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

E. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 10,000	10-60
Buildings and Building Improvements	\$ 10,000	10-75
Machinery and Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 10,000	10-50

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

G. Fund Equity

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances, may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

H. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Muhlenberg County Justice Center Corporation Construction Fund (Capital Projects Fund) and Muhlenberg County Justice Center Corporation Sinking Fund (Debt Service Fund) because bond indentures and other relevant contractual provisions require specific payment to and from these funds annually and transfers are budgeted in the Jail Fund to comply with these requirements. The Governor's Office for Local Development does not require these funds to be budgeted.

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

I. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following is considered joint ventures of the Muhlenberg County Fiscal Court: Paradise Industrial Park and Bluegrass Crossing Industrial Park.

Note 2. Deposits

The County maintains deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2004, the County's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the primary government as beneficiary/obligee on the bond.

The County's deposits are categorized below to give an indication of the level of risk assumed by the county as of June 30, 2004.

	<u>Bank Balance</u>
FDIC Insured	\$ 152,224
Collateralized with securities held by pledging depository institution in the County's name	<u>1,104,488</u>
Total	<u><u>\$ 1,256,712</u></u>

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,573,285	\$	\$	\$ 1,573,285
Construction In Progress	1,023,950	4,146,775		5,170,725
Total Capital Assets Not Being Depreciated	2,597,235	4,146,775		6,744,010
Capital Assets, Being Depreciated:				
Buildings	8,428,193	478,904		8,907,097
Vehicles and Equipment	1,832,454	333,403		2,165,857
Land Improvements		18,140		18,140
Total Capital Assets Being Depreciated	10,260,647	830,447		11,091,094
Less Accumulated Depreciation For:				
Buildings	(564,739)	(115,290)		(680,029)
Vehicles and Equipment	(1,313,283)	(156,326)		(1,469,609)
Land Improvements		(816)		(816)
Total Accumulated Depreciation	(1,878,022)	(272,432)		(2,150,454)
Total Capital Assets, Being Depreciated, Net	8,382,625	558,015		8,940,640
Governmental Activities Capital Assets, Net	\$ 10,979,860	\$ 4,704,790	\$ 0	\$ 15,684,650

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 7,199
Protection to Persons and Property	120,304
General Health and Sanitation	6,077
Social Services	17,236
Recreation and Culture	6,862
Roads	114,754
Total Depreciation Expense - Governmental Activities	<u>\$ 272,432</u>

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 4. Short-term Debt - Promissory Note

In August 2003, Muhlenberg County signed a promissory note with Old National Bank in the amount of \$1,000,000 at 2.30% interest rate. During the fiscal year, the County borrowed \$750,000 in order to meet current operating expenses. The County repaid \$755,635, which included interest of \$5,635.

Changes In Short-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Primary Government				
<u>Governmental Activities</u>				
Line Of Credit	\$ 0	\$ 750,000	\$ 750,000	\$ 0
Governmental Activities				
Short-term Liabilities	\$ 0	\$ 750,000	\$ 750,000	\$ 0

Note 5. Long-term Debt - Bonds

A. Detention Center

On January 19, 2000, the Muhlenberg County Fiscal Court issued \$6,895,000 General Obligation Improvement Bonds, Series 2000, for the construction of the Detention Center. These bonds are required to be paid fully within 20 years from the date of issue and are backed by the full faith and credit of the County. The bonds will mature as to principal beginning August 1, 2002.

Bonds outstanding as of June 30, 2004 totaled \$6,465,000. Future debt service requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2005	\$ 225,000	\$ 354,724
2006	230,000	342,098
2007	250,000	328,778
2008	260,000	314,625
2009	280,000	299,640
2010-2014	1,600,000	1,247,270
2015-2019	2,075,000	735,140
2020-2022	1,545,000	133,140
Totals	\$ 6,465,000	\$ 3,755,415

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 5. Long-term Debt – Bonds (Continued)

B. Justice Center

The Muhlenberg County Justice Center Corporation ('The Corporation') issued First Mortgage Revenue Bonds, Series 2002, on December 1, 2002. The purpose of this bond issue is for i) constructing a new judicial center for lease to the Administrative Office of the Courts; ii) capitalizing interest for twelve (12) months; iii) paying in full the outstanding loan between the County and Old National Trust Company; and iv) paying the costs of issuance of the bonds. The issue amount of the bonds was \$6,955,000.

The Corporation entered into a lease agreement with the Commonwealth of Kentucky, Administrative Office of the Courts (AOC). The Corporation leases a portion of the Project Site and the Project, along with improvements thereon and to be constructed thereof, to AOC for an initial period from the occupancy date until June 30, 2004, at the agreed and stipulated rentals equal to the AOC use allowance. The maximum use allowance is set at \$556,700 per year. The rental amount is anticipated to be adequate to pay 100% of the net debt service on the bonds. On July 1 of each even numbered year, this lease may be renewed by AOC for another biennial period of two years. Interest on the bonds is payable each March 1 and September 1. The bonds will mature as to principal on September 1, 2004 and each September 1 thereafter. The interest rate on the bonds ranges from 1.55% to 4.60%.

Bonds outstanding as of June 30, 2004 totaled \$6,955,000. Future debt service requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2005	\$ 250,000	\$ 262,692
2006	255,000	258,332
2007	260,000	252,920
2008	265,000	246,419
2009	275,000	238,783
2010-2014	1,510,000	1,044,770
2015-2019	1,850,000	716,344
2020-2022	2,290,000	268,890
Totals	<u>\$ 6,955,000</u>	<u>\$ 3,289,150</u>

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 6. Long-term Debt - Financing Obligation

On November 12, 1992, the Muhlenberg County Fiscal Court entered into a 20-year capital lease purchase agreement with the Kentucky Association of Counties Leasing Trust Program for construction of waterlines. The principal amount borrowed was \$147,000 with an interest rate of 5.45%. The agreement requires monthly payments of interest and annual payments of principal.

The outstanding balance as of June 30, 2004, was \$78,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2005	\$ 8,000	\$ 4,873
2006	9,000	4,324
2007	9,000	3,737
2008	9,000	3,149
2009	10,000	2,535
2010-2012	33,000	3,541
Totals	<u>\$ 78,000</u>	<u>\$ 22,159</u>

Changes In Long-term Liabilities

Long-term liability activity for the year ended June 30, 2004, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 13,640,000	\$	\$ 220,000	\$13,420,000	\$ 475,000
Financing Obligations	86,000		8,000	78,000	8,000
Governmental Activities					
Long-term Liabilities	<u>\$ 13,726,000</u>	<u>\$ 0</u>	<u>\$ 228,000</u>	<u>\$13,498,000</u>	<u>\$ 483,000</u>

Note 7. Interest On Financing Obligation and Short-term Debt

Debt Service on the Statement of Activities includes \$5,335 in interest on financing obligation and \$5,635 in interest on short-term debt.

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 8. Related Party Transactions

The Pennyrile Narcotics Task Force conducted business with 4th And Main Auto Sales, which is owned by Jason Blakely, who is the spouse of Lori Blakely an employee of the Pennyrile Narcotics Task Force. During fiscal year ended June 30, 2004, the Pennyrile Narcotics Task Force paid \$1,165 to 4th And Main Auto Sales.

The Muhlenberg County Fiscal Court conducted business with Kirtley's Paint & Fantastic's Sporting Goods, which is owned by the Judge/Executives' brother. During fiscal year ended June 30, 2004, the Muhlenberg County Fiscal Court paid \$3,554 to Kirtley's Paint & Fantastic's Sporting Goods.

Note 9. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple-employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan benefits. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.34 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 10. Self Insurance

Muhlenberg County Fiscal Court elected to begin a partially self-funded health insurance plan as of May 1, 2003. This partially self-funded insurance plan covers all full-time employees. County employees are required to contribute \$15 per month for a plan with a \$750 deductible or \$50 per month for a plan with a \$500 deductible. The County pays for the remainder of the county employee's individual coverage. The County also pays for one-half cost for family coverage.

This partially self-funded insurance plan has two distinct components that the fiscal court must pay. The first component is the fixed cost, which consists of administrative fees associated with operating the plan, and specific and aggregate reinsurance costs that cap the county's claims exposure on an individual and aggregate basis. Fixed costs for fiscal year ended June 30, 2004 were \$143,197. The second component is the claims cost. Muhlenberg County is responsible for all claims as they incur. Once an individual exceeds \$40,000 in claims or the county's aggregate claims exceed the predetermined maximum, then the County will receive reimbursements from the carrier. Claims for the fiscal year ended June 30, 2004 were \$1,294,375. Muhlenberg County Fiscal Court's contract with HCC Life Insurance Company has a terminal liability provision; this policy expired as of April 30, 2004. Beginning May 1, 2004 the Fiscal Court's contract is with United Healthcare Insurance Company and there is not a terminal liability provision. The Health Insurance Fund had a balance of \$36,255 as of June 30, 2004.

MUHLENBERG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004
(Continued)

Note 11. Changes in Accounting Principles and Prior Period Adjustments

The county has implemented Governmental Accounting Standards Board (GASB) Statements 33, 34 and 37, as they relate to the modified cash basis of accounting as described in Note 1, which has altered the format and content of the basic financial statements. The effect of this change on the beginning net assets of the governmental activities is as follows:

	<u>Governmental Activities</u>
Beginning Balance	\$ 5,983,948
Capital Assets (net of accumulated depreciation) previously omitted	10,979,860
Long-Term Debt previously omitted	(13,726,000)
Total Restated Beginning Balance	<u><u>\$ 3,237,808</u></u>

MUHLENBERG COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
For The Year Ended June 30, 2004

MUHLENBERG COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information

For The Year Ended June 30, 2004

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 1,476,800	\$ 1,476,800	\$ 1,475,705	\$ (1,095)
In Lieu Tax Payments	1,270,000	1,270,000	1,358,603	88,603
Excess Fees	974,360	974,360	986,483	12,123
Licenses and Permits	33,500	33,500	32,723	(777)
Intergovernmental Revenue	213,195	213,195	287,604	74,409
Charges for Services	255,000	255,000	263,213	8,213
Miscellaneous	377,500	377,500	441,966	64,466
Interest	6,000	6,000	1,942	(4,058)
Total Revenues	<u>\$ 4,606,355</u>	<u>\$ 4,606,355</u>	<u>\$ 4,848,239</u>	<u>\$ 241,884</u>
EXPENDITURES				
General Government	1,706,475	1,693,175	1,650,217	42,958
Protection to Persons and Property	479,615	631,465	620,802	10,663
General Health and Sanitation	594,950	600,900	592,745	8,155
Social Services	42,500	36,500	31,610	4,890
Recreation and Culture	147,250	147,250	137,033	10,217
Debt Service	1,019,395	809,095	769,030	40,065
Capital Projects	75,000	35,000	14,145	20,855
Administration	880,250	878,750	809,647	69,103
Total Expenditures	<u>\$ 4,945,435</u>	<u>\$ 4,832,135</u>	<u>\$ 4,625,229</u>	<u>\$ 206,906</u>
Excess (Deficiency) of Revenues Over Expenditures Before Transfers and Financing Sources (Uses)	<u>(339,080)</u>	<u>(225,780)</u>	<u>223,010</u>	<u>448,790</u>
OTHER FINANCING SOURCES (USES)				
Borrowed Money	1,000,000	1,000,000	750,000	(250,000)
Transfers From Other Funds			650,000	650,000
Transfers To Other Funds	(891,188)	(891,188)	(1,635,736)	(744,548)
Total Other Financing Sources (Uses)	<u>\$ 108,812</u>	<u>\$ 108,812</u>	<u>\$ (235,736)</u>	<u>\$ (344,548)</u>
Net Changes in Fund Balance	(230,268)	(116,968)	(12,726)	104,242
Fund Balance - Beginning	<u>230,268</u>	<u>230,268</u>	<u>190,595</u>	<u>(39,673)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 113,300</u>	<u>\$ 177,869</u>	<u>\$ 64,569</u>

MUHLENBERG COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
For The Year Ended June 30, 2004 (Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 1,063,455	\$ 1,063,455	\$ 1,121,636	\$ 58,181
Miscellaneous	10,000	10,000		(10,000)
Interest	2,000	2,000		(2,000)
Total Revenues	<u>\$ 1,075,455</u>	<u>\$ 1,075,455</u>	<u>\$ 1,121,636</u>	<u>\$ 46,181</u>
EXPENDITURES				
Roads	\$ 1,194,850	\$ 1,194,850	\$ 1,149,468	\$ 45,382
Total Expenditures	<u>\$ 1,194,850</u>	<u>\$ 1,194,850</u>	<u>\$ 1,149,468</u>	<u>\$ 45,382</u>
Excess (Deficiency) of Revenues Over Expenditures Before Transfers and Financing Sources (Uses)	<u>(119,395)</u>	<u>(119,395)</u>	<u>(27,832)</u>	<u>91,563</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	69,395	69,395	149,395	80,000
Total Other Financing Sources (Uses)	<u>69,395</u>	<u>69,395</u>	<u>149,395</u>	<u>80,000</u>
Net Changes in Fund Balance	(50,000)	(50,000)	121,563	171,563
Fund Balance - Beginning	<u>50,000</u>	<u>50,000</u>	<u>67,172</u>	<u>17,172</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 188,735</u>	<u>\$ 188,735</u>

MUHLENBERG COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
For The Year Ended June 30, 2004 (Continued)

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 1,377,500	\$ 1,377,500	\$ 1,320,500	\$ (57,000)
Charges for Services	30,000	30,000	40,557	10,557
Miscellaneous	52,500	52,500	63,702	11,202
Total Revenues	<u>\$ 1,460,000</u>	<u>\$ 1,460,000</u>	<u>\$ 1,424,759</u>	<u>\$ (35,241)</u>
EXPENDITURES				
Protection to Persons and Property	\$ 1,489,775	\$ 1,607,775	\$ 1,550,721	\$ 57,054
Debt Service	487,018	487,018	587,018	(100,000)
Administration	305,000	300,300	298,820	1,480
Total Expenditures	<u>\$ 2,281,793</u>	<u>\$ 2,395,093</u>	<u>\$ 2,436,559</u>	<u>\$ (41,466)</u>
Excess (Deficiency) of Revenues Over Expenditures Before Transfers and Financing Sources (Uses)	<u>(821,793)</u>	<u>(935,093)</u>	<u>(1,011,800)</u>	<u>(76,707)</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	821,793	821,793	2,008,811	1,187,018
Transfers To Other Funds			(1,087,018)	(1,087,018)
Total Other Financing Sources (Uses)	<u>821,793</u>	<u>821,793</u>	<u>921,793</u>	<u>100,000</u>
Net Changes in Fund Balance		(113,300)	(90,007)	23,293
Fund Balance - Beginning			126,391	126,391
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (113,300)</u>	<u>\$ 36,384</u>	<u>\$ 149,684</u>

MUHLENBERG COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
For The Year Ended June 30, 2004 (Continued)

LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$	\$	\$ 5,725	\$ 5,725
Interest			3,977	3,977
Total Revenues	\$ 0	\$ 0	\$ 9,702	\$ 9,702
EXPENDITURES				
General Government	\$ 300,000	\$ 300,000	\$ 2,296	\$ 297,704
Capital Projects	300,000	300,000	23,865	276,135
Total Expenditures	\$ 600,000	\$ 600,000	\$ 26,161	\$ 573,839
Excess (Deficiency) of Revenues Over Expenditures Before Transfers and Financing Sources (Uses)	(600,000)	(600,000)	(16,459)	583,541
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0
Net Changes in Fund Balances	(600,000)	(600,000)	(16,459)	583,541
Fund Balances - Beginning	600,000	600,000	323,479	(276,521)
Fund Balances - Ending	\$ 0	\$ 0	\$ 307,020	\$ 307,020

MUHLENBERG COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2004

Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

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MUHLENBERG COUNTY
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information

June 30, 2004

MUHLENBERG COUNTY
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS-MODIFIED CASH BASIS
Other Supplementary Information

June 30, 2004

	Local Government Economic Assistance Fund	Rails to Trails Fund	Pennyrile Narcotics Drug Task Fund	Pardise Park Fund
ASSETS				
Cash and Cash Equivalents	\$ 156,803	\$ 93,760	\$ 79,635	\$
Total Assets	<u>\$ 156,803</u>	<u>\$ 93,760</u>	<u>\$ 79,635</u>	<u>\$ 0</u>
FUND BALANCES				
Unreserved:				
Special Revenue Funds	\$ 156,803	\$ 93,760	\$ 79,635	\$
Debt Service Fund				
Total Fund Balances	<u>\$ 156,803</u>	<u>\$ 93,760</u>	<u>\$ 79,635</u>	<u>\$ 0</u>

MUHLENBERG COUNTY**COMBINING BALANCE SHEET -NON-MAJOR GOVERNMENTAL FUNDS-MODIFIED CASH BASIS****Other Supplementary Information****June 30, 2004****(Continued)**

Justice Center Corporation Sinking Fund	Total Non-Major Governmental Funds
<u>\$ 131,688</u>	<u>\$ 461,886</u>
<u><u>\$ 131,688</u></u>	<u><u>\$ 461,886</u></u>

\$	\$ 330,198
<u>131,688</u>	<u>131,688</u>
<u><u>\$ 131,688</u></u>	<u><u>\$ 461,886</u></u>

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MUHLENBERG COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information
For The Year Ended June 30, 2004

MUHLENBERG COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information

For The Year Ended June 30, 2004

	Local Government Economic Assistance Fund	Rails to Trails Fund	Pennyrile Narcotics Drug Task Fund	Pardise Park Fund
REVENUES				
Intergovernmental	\$ 634,742	\$	\$ 616,980	\$ 57,562
Interest	418		160	
Total Revenues	<u>635,160</u>		<u>617,140</u>	<u>57,562</u>
EXPENDITURES				
General Government	40,000			
Protection to Persons and Property	130,000			
Roads	281,000			
Debt Service				
Capital Projects		12,633		57,615
Administration			557,078	
Total Expenditures	<u>451,000</u>	<u>12,633</u>	<u>557,078</u>	<u>57,615</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>184,160</u>	<u>(12,633)</u>	<u>60,062</u>	<u>(53)</u>
OTHER FINANCING SOURCES (USES)				
Transfers To Other Funds	(100,000)		(50,000)	
Transfers From Other Funds			64,500	48
Total Other Financing Sources (Uses)	<u>(100,000)</u>		<u>14,500</u>	<u>48</u>
Net Change in Fund Balances	84,160	(12,633)	74,562	(5)
Fund Balances - Beginning	72,643	106,393	5,073	5
Fund Balances - Ending	<u>\$ 156,803</u>	<u>\$ 93,760</u>	<u>\$ 79,635</u>	<u>\$ 0</u>

MUHLENBERG COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information
For The Year Ended June 30, 2004
(Continued)

Justice Center Corporation Sinking Fund	Total Non-Major Governmental Funds
\$	\$ 1,309,284
1,415	1,993
<u>1,415</u>	<u>1,311,277</u>
	40,000
	130,000
	281,000
264,630	264,630
	70,248
	<u>557,078</u>
<u>264,630</u>	<u>1,342,956</u>
<u>(263,215)</u>	<u>(31,679)</u>
	(150,000)
132,315	196,863
<u>132,315</u>	<u>46,863</u>
(130,900)	15,184
262,588	446,702
<u>\$ 131,688</u>	<u>\$ 461,886</u>

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MUHLENBERG COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2004

**MUHLENBERG COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Fiscal Year Ended June 30, 2004

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Muhlenberg County, Kentucky.
2. No reportable conditions relating to the internal control of the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instance of noncompliance material to the financial statements of Muhlenberg County was disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Muhlenberg County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Muhlenberg County reported in Part C of this schedule.
7. The programs tested as major programs were: Byrne Formula Grant Program (CFDA #16.579)
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Muhlenberg County was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

STATE LAWS AND REGULATIONS

None.

REPORTABLE CONDITIONS

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

None.

PRIOR YEAR FINDINGS FINANCIAL STATEMENT AUDIT

Reference: 2003-1. "The Jailer Should Maintain Accounting Records For the Jail Canteen Fund In Accordance With Kentucky Revised Statutes" was corrected in the current year.

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MUHLENBERG COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Other Supplementary Information

MUHLENBERG COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Other Supplementary Information

Fiscal Year Ended June 30, 2004

Federal Grantor		
Program Title	Pass-Through	
<u>Grant Name (CFDA #)</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
 <u>U.S. Department of Housing and</u>		
<u>Urban Development</u>		
Community Planning and Development (CFDA #14.246)	B-01-SP-KY-0735	\$ 57,615
 <u>U.S. Department of Justice</u>		
Passed-Through State Justice Cabinet: Byrne Formula Grant (CFDA #16.579)	7001-N2-15/03	373,119
 <u>U.S. Department of Transportation</u>		
Transportation Enhancement Grant (CFDA #20.205)	C-99108045	12,633
 <u>U.S. Department Of Homeland Security</u>		
Passed Through State Department Of Military Affairs-		
State Domestic Preparedness Program (CFDA # 97.004)	M-03138124	94,416
Emergency Management Performance Grants (CFDA # 97.042)	M-04028482	8,631
Disaster and Emergency Assistance Grants-		
Coordinator Salary (CFDA #97.036)	Not Applicable	<u>5,583</u>
Total U.S. Department Of Homeland Security		<u>108,630</u>
Total Expenditures of Federal Awards		<u>\$ 551,997</u>

MUHLENBERG COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Other Supplementary Information
Fiscal Year Ended June 30, 2004

Note 1 - Basis of Presentation

This schedule is presented on a modified cash basis of accounting.

Note 2 - CFDA Program Number Change

Disaster and Emergency Assistance Grants – Coordinator Salary CFDS number was changed from 83.544 to 97.036. Previously this program was administered by the U.S. Federal Emergency Management Agency but is now administered by the U.S. Department of Homeland Security.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Rodney Kirtley, Muhlenberg County Judge/Executive
Members of the Muhlenberg County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Muhlenberg County, Kentucky, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated October 18, 2005. Muhlenberg County presents its financial statements on the modified basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grayson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grayson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing opinions on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such opinions. The results of our tests disclosed no instances of material noncompliance that are required to be reported under Government Auditing Standards.



Report On Internal Control Over Financial Reporting
And Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and the Kentucky Governor's Office of Local Development, and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
October 18, 2005

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Rodney Kirtley, Muhlenberg County Judge/Executive
Members of the Muhlenberg County Fiscal Court

Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Muhlenberg County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Muhlenberg County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Muhlenberg County's management. Our responsibility is to express an opinion on Muhlenberg County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Muhlenberg County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Muhlenberg County's compliance with those requirements.

In our opinion, Muhlenberg County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Muhlenberg County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Muhlenberg County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
October 18, 2005

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

MUHLENBERG COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2004**

CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

MUHLENBERG COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2004

The Muhlenberg County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance and Development Programs was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer